

**ASSEMBLY BILL**

**No. 1831**

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**Introduced by Assembly Member Conway**

February 18, 2014

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An act to amend Section 17072 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1831, as introduced, Conway. Personal income tax: deduction: medical insurance.

The Personal Income Tax Law provides for various deductions in computing the income that is subject to the taxes imposed by that law including a deduction for that portion of medical expenses that is more than 10%, or for certain taxpayers 7.5%, of adjusted gross income. Self-employed individuals may deduct health insurance premiums for medical expenses incurred by the taxpayer in lieu of the itemized deduction for medical expenses.

This bill, for taxable years beginning on or after January 1, 2014, would allow a deduction from gross income under the Personal Income Tax Law for the amounts paid or incurred by a taxpayer during the taxable year for medical insurance for medical care, as defined, and for transportation for and essential to that medical care, as provided. The bill would not allow as an itemized deduction, and amount allowed as a deduction from gross income as provided in the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 17072 of the Revenue and Taxation Code is amended to read:

17072. (a) Section 62 of the Internal Revenue Code, relating to adjusted gross income defined, shall apply, except as otherwise provided.

(b) Section 62(a)(2)(D) of the Internal Revenue Code, relating to certain expenses of elementary and secondary school teachers, shall not apply.

(c) Section 62(a)(21) of the Internal Revenue Code, relating to attorneys fees relating to awards to whistleblowers, shall not apply.

(d) *Section 62(a) of the Internal Revenue Code is modified to additionally provide that the amount allowed as a deduction under Section 213(d)(1)(D) of the Internal Revenue Code shall be allowed as a deduction for purposes of computing adjusted gross income, except as otherwise provided.*

*(1) For purposes of this subdivision, Section 213(d)(1)(D) of the Internal Revenue Code is modified to provide that the phrases “(including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged)” and “or for any qualified long-term care insurance contract (as defined in section 7702B(b))” shall not apply.*

*(2) Any amount allowed as a deduction under this subdivision shall not be allowed as an itemized deduction under Section 63 of the Internal Revenue Code, relating to taxable income defined, as applicable, for purposes of this part.*

*(3) This subdivision shall apply to taxable years beginning on or after January 1, 2014.*

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.